

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON PRIORITY

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FOLLOWING REPEAT LA PAZ 2816 DATED APRIL 21 SENT SECSTATE

QUOTE

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E.O. 11652: N/A

TAGS: EMIN, ETRD, EFIN, BL

SUBJECT: TIN EXPORT CONTROLS

1. REPORTEDLY, BOLIVIA WILL HAVE TO REDUCE ITS TIN EXPORTS BY 1,000 METRIC TONS FOR FINANCIAL LOSS OF US\$7.2 MILLION DURING THE 74 DAY DURATION (THROUGH JUNE 30) OF EXPORT CONTROLS SET THUS FAR BY INTERNATIONAL TIN COUNCIL (ITC). MOST INFORMED OBSERVERS HERE WHO HAVE EXPRESSED A VIEW EXPECT THAT PERIOD OF EXPORT CONTROLS WILL HAVE TO BE EXTENDED. IF CONTROLS ARE MAINTAINED AT CURRENT 18 PER-CENT REDUCTION LEVEL FOR ONE YEAR BOLIVIA WOULD CUT ITS EXPORTS BY ABOUT 5,200 TONS OR US\$35.2 MILLION AT PRICE OF US\$3.20 PER POUND OF TIN.

2. IN ADDITION, ITC IS REPORTEDLY CALLING FOR A US\$31.7 MILLION INCREASE IN QUOTE SUBSCRIPTIONS OF WHICH BOLIVIA'S SHARE IS EXPECTED TO BE ABOUT US \$5.5 MILLION. GOB REPORTEDLY WILL REQUIRE COMIBOL, MEDIUM MINERS AND SMALL MINERS TO BEAR THIS ADDITIONAL FINANCIAL BURDEN ALTHOUGH MEMBERS OF IMF MISSION INDICATE GOB IS SEEKING IMF

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FINANCING FOR THIS INCREASE.

3. ACCORDING TO TRADE SOURCES, ITC UNSUCCESSFULLY ATTEMPTED TO BORROW AN ADDITIONAL US \$18.8 MILLION IN NEW YORK FINANCIAL MARKET AND WILL NOW TURN TO OTHER SOURCES OF FUNDS. IMF MISSION MEMBERS HAVE STATED THAT COMIBOL'S TOTAL COSTS COME TO US\$3.17 PER POUND, INDICATING THAT ENTIRE BOLIVIAN TIN INDUSTRY CLOSE TO BREAK-EVEN POINT; THEREFORE IN POOR POSITION FINANCE QUOTA INCREASE AND UNLIKELY TO CONTINUE WITH INVESTMENTS IN TIN MINES.

4. PRIVATE MINERS HAVE EXPRESSED CONCERN THAT GSA WILL CONTINUE WITH ITS PLANS TO MAINTAIN TIN SALES DURING PERIOD OF EXPORT CONTROLS AND DESPERATE ITC ATTEMPTS TO INCREASE ITS PURCHASES.

5. COMMENT: FROM THIS VANTAGE POINT CONGRESSIONAL ACTION ON 100,000 TON TIN DISPOSAL AUTHORIZATION BILL WOULD APPEAR POLITICALLY UNTIMELY DURING EXPORT CONTROL PERIOD.
STEDMAN UNQUOTE KISSINGER

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